

STATEMENT OF THE HONORABLE DONALD D. ENGEN, FEDERAL AVIATION ADMINISTRATOR, BEFORE THE SENATE COMMITTEE ON COMMERCE, SCIENCE, AND TRANSPORTATION, SUBCOMMITTEE ON AVIATION, CONCERNING THE IMPACT OF BUDGET REDUCTIONS ON THE FEDERAL AVIATION ADMINISTRATION. FEBRUARY 3, 1986.

Madam Chairman and Members of the Subcommittee:

I welcome the opportunity to appear before the Subcommittee today to discuss with you the potential impact of the 1985 Balanced Budget and Emergency Deficit Control Act on the Federal Aviation Administration. The future of aviation in this country--and in particular the safety of our aviation system--is vital to the economic well being of this Nation. Aviation contributes to our society in countless ways.

In many respects, however, I believe we have come to take the system for granted, without a conscious recognition either of the benefits it confers upon us or that it takes continued high levels of dedication, effort, and a commitment of resources to keep that system operating safely and efficiently. Perhaps the greatest tribute to how well the system works is that it has become such a part of our way of life that many of us can take it for granted. It is no longer a "miracle" that a businessperson can make a business appointment for an important meeting the next day at a location several thousand miles away. We cannot forget, however, that commerce simply could not

function as we know it today without a healthy air transportation system, or that our air transportation system makes possible a variety of activities, such as emergency transportation of critical medical supplies, which directly promote the public welfare. Safe and efficient air transportation is no longer a "luxury" as it once was; it is a necessity. It is also important to note that, apart from the kinds of tangible benefits already mentioned, our economy as a whole benefits substantially and directly through a large positive balance of trade each year from aviation goods, made possible by the world preeminence of the United States in aviation safety and technological advancements.

It should surprise no one for me to say that I am an advocate for aviation; it is my job to improve the safety and efficiency of our air transportation system and to promote the development of aviation in this country. And I do that with all the energy and talent I have. The record shows clearly as well that the President and Secretary Dole are strong supporters of aviation. In fact, during the presidential campaign of 1980, the President made clear that he firmly supported an effort to modernize our nation's air traffic control system to increase safety levels and to meet the increased demands of the future. The Administration has continued to recognize that need, and Secretary Dole has not only worked to secure continued funding for our modernization efforts, but has also been instrumental in recent efforts to bolster staffing in several key areas within the FAA. This year, we are increasing the number of controllers

and inspectors, and are planning further controllers and inspectors in 1987. I believe it should be noted that the Administration supports the goals of the Balanced Budget and Emergency Deficit Control Act, and the Secretary is determined that the Department will be responsive to its provisions in a way that does not jeopardize the safety of the travelling public.

Currently, we are faced with a 4.3% reduction in our FY 1986 budget authority and obligation limitations. While this may sound like a modest reduction, its effect is significant on the agency. We are at this time examining options for meeting or offsetting that reduction, including the possibility of furloughing agency employees if needed to meet the reduced funding levels in Operations. In this respect, it is important to note that the FY 1986 appropriation for the FAA as enacted by the Congress was scaled back from the President's budget request. Our Operations appropriation was \$55 million less than the \$2.749 billion requested. Therefore, the funding available to us before applying the reduction required by the Deficit Control Act was already below the levels we had hoped to achieve for agency programs. I would like to bring to your attention the attachment to my prepared statement which outlines the FAA's budget for FY 1986 and corresponding reductions pursuant to the Deficit Control Act.

Consistent with Administration policy, our top priorities in accommodating the required 4.3% cut are to minimize any adverse impacts on safety and system personnel, and we are working now

to finalize the choices which will be necessary to meet these priorities. This is not an easy task, I assure you. For one thing, about 75% of our Operations appropriation goes for the payment of personnel costs. Most of the remainder is made up of fixed costs such as rents, utilities, and operational communications. Thus, it would be virtually impossible to accommodate the reduction required in our operations budget without making some adjustments among DOT appropriations or implementing furloughs for agency employees. Also, because of the way any large organization must work, it is difficult to pinpoint selected functions as discrete "safety" functions, and assume that we can provide the same product as before simply by continuing the resource commitments for these programs at about the same level, if we cannot provide adequate support staff.

Let me try to make this point by way of an analogy to an army. An army cannot consist solely of soldiers, weapons, and ammunition, and do the job it is expected to do. It must have supporting elements which feed, clothe, and equip the soldiers, resupply them, transport them from place to place, provide them with direction and guidance, and even pay them. Without adequate resource commitments to these supporting functions, the achievement of the overall mission is diminished.

The FAA is no different. We are concerned lest our support staffs fall to a level that would adversely affect our ability to perform our overall safety mission. For example, it does little good for an aviation safety inspector to observe a

regulatory violation by an air carrier, if appropriate enforcement action cannot be taken against the violator. To do that requires that the violation be documented and formalized in an enforcement report which contains the evidence necessary to sustain an enforcement action. This takes supporting staff to perform such functions as typing, reproducing and filing documents, arranging for travel, and the like. Even then, the development of such an enforcement report will not promote safety compliance by the alleged violator unless it is provided to an agency attorney who is responsible for taking the enforcement action, and defending the propriety of the action if challenged. In short, an entire system must be in place to successfully accomplish our objectives.

There are other parallels in air traffic control, which relies on a variety of employees in different disciplines working together to develop and implement new techniques, procedures, and equipment needed for the front-line air traffic controller to control air traffic safely. What these points illustrate is that it is necessary to assure that adequate resources exist to do the entire job, not just parts of it. That is the only way we can provide adequate margins of safety to the travelling public. The safety of aviation has evolved to high levels as a direct result of using this systems approach. This approach integrates a variety of functions and disciplines in a way that results in a product or service which anticipates and prevents failures from any element or aspect of the system.

We are concerned not only with current levels of aviation traffic, but also with the potential for future growth in aviation. Consistent with historical patterns, aviation has tracked this economic growth, and has flourished in an economically deregulated environment. Deregulation, as earlier recognized by everyone, has, indeed, brought challenges to the FAA. On the whole, we have successfully met those challenges, though not always as quickly or as fully as I would like. The level of demand for aviation services resulting from deregulation and an improved economic climate is at or near our capacity in a number of important areas. This has been a concern of Secretary Dole who has supported higher staffing authorizations for safety inspectors, controllers, and air marshals.

In that regard, to respond to the question in your letter of invitation concerning the impact of a 15% to 20% reduction of the FAA's budget after FY 1986, I can visualize no reasonable way in which the FAA could absorb that kind of a reduction overall without serious deterioration of the current levels of safety services we provide. In fact, while the Administration is submitting a budget responsive to the Balanced Budget and Emergency Deficit Control Act, no such cuts are contemplated for the FAA. I am pleased to note that there will be an increase in FAA operations funding under the President's FY 1987 budget to be released on February 5.

In short, Madam Chairman, FAA operations resources are currently at levels close to the margin this year. There is virtually no

flexibility left for us to deal with additional reductions in program levels without significant impact. Certainly, we would do everything in our power to meet the safety needs of the system to the best of our ability, but reductions significantly below these levels would have a major impact on the operation of the FAA, and significant changes would have to be made to accommodate any such reductions. Constraints would need to be placed on system growth and operations. FAA would have to limit the areas in which we focused our resources, and significant decisions would have to be reached as to what programs would need to be dropped or substantially scaled back.

Rather than focus on what can go wrong, Madam Chairman, I believe we should take the initiative to do what is needed to keep things on the right track. As I mentioned a few minutes ago, aviation is an integral part of the fabric of our society. Furthermore, it is a sector of our economy that is changing and growing very rapidly. It promotes commerce both domestically and internationally, and it enriches and improves virtually every aspect of our lives. Because of the unique nature of air transportation, the regulation and enforcement of aviation safety along with the development and operation of an air traffic control system have long been recognized as necessary Federal functions. Even though it is today the finest system in the world, the U.S. air transportation system continues to require a strong Federal role to be performed by the FAA. These safety oriented regulatory and oversight functions simply cannot be divided up among the states or local governments to

administer, if we are to preserve a national air transportation system, nor can these functions be ignored without a tremendous and, in my view, unacceptable cost in safety and efficiency to the American public.

The solution, then, to continuing these important FAA functions at the appropriate levels is for the Congress to support the President's Budget, which will provide for the FAA resources necessary to preserve the safety and efficiency of our air transportation system. Aviation is a national resource which rightfully is subject to a strong Federal role, and we must work collectively to see that the FAA's ability to perform that needed function is not compromised or degraded.

Madam Chairman, that completes my prepared statement. I would be pleased to respond to questions you may have at this time.